

**OFFICE OF THE MISSISSIPPI SECRETARY OF STATE
SECURITIES AND CHARITIES DIVISION**

IN THE MATTER OF:

)
) **Administrative Proceeding**

) **Number: S-07-0362**
)

**BROOKSHIRE SECURITIES
CORPORATION**

Respondent

**FINAL ORDER REVOKING REGISTRATION
AND IMPOSING ADMINISTRATIVE PENALTY**

The SECRETARY OF STATE OF MISSISSIPPI, by and through Patricia Melvin, Chief Counsel for the Securities and Charities Division, after having issued a NOTICE OF INTENT TO REVOKE REGISTRATION AND IMPOSE ADMINISTRATIVE PENALTY against BROOKSHIRE SECURITIES CORPORATION (hereinafter "BSC"), hereby issues this ORDER REVOKING REGISTRATION AND IMPOSING ADMINISTRATIVE PENALTY to BSC, and in support hereof, states the following.

I. JURISDICTION

The Securities and Charities Division, previously a part of the Business Regulation and Enforcement Division, of the Office of the Secretary of State ("Division"), has the power to administer and to regulate securities under the Mississippi Securities Act, codified at Miss. Code Ann. Sections 75-71-101, *et. seq.* ("Act") and the Securities Act Rules ("Rules").

II. VIOLATIONS

A. REGISTERED AND REGULATED PARTIES

1. Brookshire Securities Corporation, Inc. (CRD No. 44347) ("BSC"), is a broker-dealer firm which at all times relevant herein, was registered with the Division pursuant to the terms of the Act.

2. Troy Goldberg (CRD No. 2342989) ("Goldberg") is a broker-dealer agent who at all times relevant herein was a registered agent of BSC, and registered with the Division pursuant to the terms of the Act.

B. INVESTIGATION HISTORY

3. On March 12, 2007, after receiving a complaint alleging that Goldberg was: 1) churning complainant's account, 2) exercising unauthorized discretion in the account, and 3) placing complainant in unauthorized margin trading positions, the Division contacted BSC to request certain books and records in order to investigate the complaint.

4. On April 30, 2007, the Division received a response from Troy Goldberg, not BSC. Some of the requested books and records were furnished. The supervisory/compliance manuals, documents authorizing margin and discretionary trading in complainant's account, and a commission report for Sootin's account were not included.

5. On November 13, 2007, the Division mailed a second request for the previously requested books and records to BSC. BSC did not respond to the request.

6. On January 8, 2008, this request (November 13, 2007) was faxed to BSC.

7. On January 17, 2008, BSC provided the table of contents from a supervisory/compliance manual. The Division again requested the supervisory/compliance manuals.

8. On February 22, 2008, BSC furnished a supervisory procedures manual, but not the commission report ("commission run") for this account.

9. On September 3, 2008, the Division issued a Consent Order in this matter.

10. On October 27, 2008, more than twenty (20) months after the initial request, BSC furnished the commission runs for the Sootin account to the Division.

11. The records furnished reflect the following:

a. Complainant's account opening documents reflect that the account was a "cash" account and not a margin account;

b. No Margin Agreement or Margin Disclosure was provided to the Division documenting a change in the type of account;

c. Goldberg did not have discretionary authority in the management of the account;

d. The Sootin account was opened in June 2006 and closed in January 2007. In this short period of time over one hundred (100) trades were placed, including short sells. Goldberg generated more than Twenty-Four Thousand Dollars (\$24,000.00) in commissions; and

e. The trades were unsuitable for complainant. Complainant's new account forms do not indicate investment experience sufficient to justify placing him in investments of this nature.

10. BSC did not reasonably supervise its agent Goldberg in the following ways:

a. BSC allowed its agent to open a cash account and then operate as if it was a margin account;

- b. BSC allowed its agent, the subject of the complaint, to respond to the Division on behalf of BSC instead of conducting an independent investigation and responding to the Division;
 - c. BSC allowed its agent Goldberg to place Sootin in unsuitable investments; and
 - d. BSC, through its agent Goldberg, “churned” the account of Sootin.
11. BSC failed to provide all of the requested books and records in a timely manner.
12. On March 9, 2009, the Division issued a NOTICE OF INTENT TO REVOKE REGISTRATION AND IMPOSE ADMINISTRATIVE PENALTY.
13. On April 8, 2009, the Division received a request for an administrative hearing from Respondent.
14. A Hearing Officer was appointed and the hearing was set for Friday, May 15, 2009.
15. On April 27, 2009, the Division received notice from Respondent that it wished to withdraw its request for an administrative hearing. A copy of this letter is attached hereto as Exhibit “A.”

III. APPLICABLE STATUTES AND RULES

16. Standards of Conduct

Mississippi Securities Act Rule 523(A) provides in pertinent part:

523. Standards of Conduct: Each broker/dealer and agent shall observe high standards of commercial honor and just and equitable principles of trade in the conduct of their business. Acts and practices, including, but not limited to, the following, are considered contrary to such standards and may constitute grounds for denial, suspension, or revocation of registration, imposition of fines, or such other action authorized by statute.

A. Broker/Dealers.

* * *

2. **Inducing trading** in a customer's account **which is excessive in size or frequency in view of the financial resources and character of the account**;

3. Recommending to a customer the purchase, sale, or exchange of any security **without reasonable grounds to believe that such transaction or recommendation is suitable** for the customer based upon reasonable inquiry concerning the customer's investment objectives, financial situation, and needs, and any other relevant information known by the broker/dealer;

* * *

6. **Exercising any discretionary power** in effecting a transaction for a customer's account **without first obtaining written discretionary authority** from the customer, unless the discretionary power relates solely to the time and/or price for the execution of orders;

* * *

8. **Executing any transaction** in a margin account **without obtaining from the customer a properly executed written margin agreement** prior to the settlement date for the initial transaction in the account;

* * *

17. **Books and Records**

A. Mississippi Code Ann. Section 75-71-333(a) provides as follows:

(a) Books and accounts. Every registered broker-dealer and investment adviser shall make and keep such accounts, correspondence, memoranda, papers, books and other records as the Secretary of State prescribes by rule or otherwise, not to exceed the limitations provided in Section 15 of the Securities Exchange Act of 1934 (in the case of a broker-dealer) and Section 222 of the Investment Advisers Act of 1940 (in the case of an investment adviser). All records so required, with respect to a registered investment adviser, shall be preserved for such period as the Secretary of State prescribes by rule or otherwise.

B. Mississippi Securities Act Rule 515(A) provides as follows:

515. Record Keeping Requirements of Broker/Dealers:

A. Unless otherwise provided by order of the Securities and Exchange Commission, each broker/dealer registered or required to be registered under this act shall make, maintain, and preserve books and records in compliance with U.S. Securities and Exchange Commission Rules 17a-3 (17 C.F.R. 240.17a-3 (1996)), 17a-4 (17 C.F.R. 240.17a-4 (1996)), 15c2-6 (17 C.F.R. 240.15c2-6 (1996)) and 15c2-11 (17 C.F.R. 240.15c2-11 (1996)).

C. Mississippi Securities Act Rule 519 provides as follows:

519. Preservation of Records.

All records required to be preserved under these Rules shall be in such form as to **promptly allow examination** by the Division. Copies shall be provided to the Division upon request, and the cost of the copies shall be borne by the broker/dealer and/or the agent.

18. Failure to Supervise

A. Miss. Code Ann. Section 75-71-321 provides in pertinent part:

* * *

(b) The Secretary of State may by order deny, suspend or revoke any registration if the Secretary of State finds (1) that the order is in the public interest and (2) that the applicant or registrant:

(A) Has failed reasonably to supervise his agents if he is a broker-dealer or his investment adviser representatives if he is an investment adviser; or

* * *

B. Mississippi Securities Act Rule 521 provides as follows:

Supervision: All broker/dealers shall establish and keep current a set of written supervisory procedures and a system for implementing such procedures which may be

reasonably expected to prevent and detect any violations of the Act and rule promulgated thereunder.

The procedures shall include the designation by name or title of those persons delegated supervisory responsibility in at least the areas of sales, financial operations, and compliance. A complete set of such procedures and systems shall be kept in all offices located in this state.

IV. CONCLUSIONS OF LAW

The preceding paragraphs are incorporated herein by reference.

A. Trading:

1. BSC, through Goldberg, exercised discretionary power in effecting transactions for Sootin's account without first obtaining written discretionary authority in violation of Mississippi Securities Act Rule 523(A)(6);
2. BSC, through Goldberg, induced excessive trading in Sootin's account in view of the financial resources and character of the account in violation of Mississippi Securities Act Rule 523(A)(2); and
3. BSC through Goldberg recommended purchases, sales, and exchanges of securities to Sootin without reasonable grounds to believe that such transactions or recommendations were suitable in violation of Mississippi Securities Act Rule 523(A)(3).

B. Supervision:

1. BSC failed to reasonably supervise its agent Goldberg in that it failed to either enforce its supervisory/compliance procedures and/or it did not have policies and procedures in place reasonably designed to prevent and detect violations of the Act and Rules. This is evidenced by the following:

2. BSC failed to detect or prevent its agent from opening a cash account and then operating it as if it was a margin account without obtaining from Sootin a properly executed written margin agreement in violation of Mississippi Securities Act Rule 523(A)(8);

3. BSC allowed its agent, the subject of the complaint, to respond to the Division on behalf of BSC instead of conducting an independent investigation and responding to the Division in violation of Mississippi Securities Act Rule 521;

4. BSC failed to detect or prevent its agent Goldberg from placing Sootin in unsuitable investments in violation of Mississippi Securities Act Rules 523(A)(3) and 521; and

5. BSC failed to detect or prevent Goldberg from “churning” Sootin’s account in violation of Mississippi Securities Act Rule 521.

C. Books and Records

BSC, by refusing to provide the requested commission report for twenty (20) months after the initial request from the Division, failed to provide requested books and records in a manner that would allow prompt examination by the Division in violation of Mississippi Securities Act Rules 515(A) and 519.

V. PUBLIC INTEREST

This ORDER REVOKING REGISTRATION AND IMPOSING ADMINISTRATIVE PENALTY is issued in the public interest and for the protection of investors consistent with the purpose of the Act.

V. PUBLIC INTEREST

This FINAL ORDER REVOKING REGISTRATION AND IMPOSING ADMINISTRATIVE PENALTY against BSC is issued in the public interest and for the protection of investors consistent with purposes of the Act.

VI. ORDER

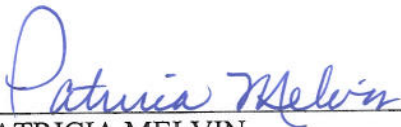
IT IS THEREFORE ORDERED, pursuant to the authority set out in the Act, that the registration of Respondent, BROOKSHIRE SECURITIES CORPORATION, is hereby revoked.

IT IS FURTHER ORDERED, pursuant to authority set out in the Act, that an administrative penalty in the amount of Two Hundred Twenty-Five Thousand Dollars (\$225,000.00) is imposed.

SO ORDERED, this the 29th day of April, 2009.

C. DELBERT HOSEMANN, JR.
Secretary of State

BY:


PATRICIA MELVIN
Chief Counsel
Securities and Charities Division

Prepared by:

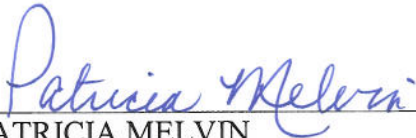
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CERTIFICATE OF SERVICE

I, Patricia Melvin, do hereby certify that I have this day mailed via Certified Mail, postage pre-paid, a true and correct copy of the FINAL ORDER REVOKING REGISTRATION AND IMPOSING ADMINISTRATIVE PENALTY to the following:

Mr. Timothy B. Ruggiero, President
Brookshire Securities Corporation
4 West Las Olas Boulevard – Eighth Floor
Fort Lauderdale, FL 33301

This, the 29th day of April, 2009.



PATRICIA MELVIN
Chief Counsel
Securities and Charities Division



MEMBER NASD/SIPC

April 27, 2009

Sent via U.S. Mail and Facsimile

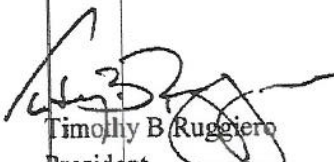
Ms. Patricia Melvin
Mississippi Secretary of State's Office
Post Office Box 136
Jackson, Mississippi 39205

Re: Administrative Proceeding Number S-07-0362

Dear Ms. Melvin;

This letter is to inform you that Brookshire Securities Corporation's FINRA membership was cancelled effective March 26, 2009 and we will not be seeking reinstatement. Due to the fact that we are no longer an active broker-dealer and have ceased all business operations, we wish to withdraw our request for a formal hearing currently scheduled for May 17, 2009.

Sincerely,


Timothy B. Ruggiero
President

